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## Taiwan

### Grain and Feed

### Wheat & Corn Import Update

**2003**

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#### **Report Highlights:**

**Taiwan's import demand for wheat is expected to remain stable through 2003.**

**Overall corn imports should fall only slightly with U.S. market share stable unless Taiwan allows the entry of PRC corn. Although Taiwan ended a temporary import permission for PRC corn that opened trade in fall 2002, it could still reverse itself later in 2003. The revised overall Taiwan wheat import forecast for 2002/03 is 1.02 million metric tons, while for corn it is 4.8 million metric tons.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Taiwan [TW1], TW

## Summary

U.S. grain exports to Taiwan in 2003 will be most affected by Taiwan's decision whether to allow the entry of PRC corn and other grain. From October 25 to December 31, 2002, Taiwan temporarily allowed the entry of PRC corn, resulting in the import of 70,000 tons. Despite higher production costs, China was able to quickly penetrate the Taiwan market because of rapid delivery times and the apparent use of export subsidies. Although COA recently informed AIT that Taiwan will maintain the ban against PRC corn imports. One organization of Taiwan hog farmers has pushed for PRC corn imports, together with a major feedmiller. Despite this, the ban is expected to remain in place until summer 2003 at the earliest.

Since Taiwan does not produce significant quantities of corn or wheat, its demand for these grains is almost completely supplied by imports. This import dependence, and the disproportionate effect of local factors on demand, makes Taiwan wheat and corn imports relatively insensitive to world grain prices. Although most Taiwan importers participate in joint purchasing and importing groups, a resumption of PRC corn imports would likely undermine this arrangement. This may end the long-standing practice of individual feed millers and hog farmers paying virtually identical prices for imported grain which helped smaller producers stay profitable.

## Wheat Import Update

Demand for wheat in Taiwan is expected to be stable through 2003 because it is largely inelastic at current prices. In 2002, this inelasticity was revealed in the small affect price movements had on imports. From November to December 2002, Taiwan imported 40 tmt of feed wheat imports from India with poor results. Post does not expect the entry of other new non-traditional suppliers into the Taiwan wheat market in 2003.

According to Taiwan Customs data, Taiwan imported 878 tmt of wheat from January to October 2002. This was a 35 tmt or 4 percent increase from the corresponding period in 2001. Imports in 2002 are projected at 1,048 tmt, up a 3 percent from a year earlier. According to the Taiwan Flour Millers' Association (TFMA), the increase is a result of low world wheat prices during the first half of 2002. This encouraged wheat imports and sales of food wheat. Rising prices in the second half 2002 likely slowed imports, leaving the 2003 forecast level at 1.02 million metric tons. Since flour demand is inelastic, price increases are mostly passed to consumers through higher prices. Domestic flour is currently priced at approximately NT\$100 per 22 kg bag (\$0.13 per kilo), a slight increase over a year earlier. The United States had a 93 percent market share, followed by Canada at 7 percent. The U.S. share fell 4 percent in favor of Canadian wheat.

## Corn Import Update

U.S. corn exports in 02/03 are expected to total 4400 tmt with a market share of 92 percent. Further U.S. exports will be most affected by any Taiwan decision to allow the entry of PRC corn. Barring this, overall imports should fall slightly because of declining swine herds. This decrease will be in line with declining meat production resulting from increased post-WTO meat imports. From November to December 2002, Taiwan imported 170 tmt from Argentina, 26 tmt from Thailand and 70 tmt from the PRC. Lower U.S. prices along with quality problems with Argentine and Thai corn will likely arrest further growth in non-U.S. market shares.

According to Taiwan Customs data, Taiwan imported 4,993 tmt of corn from October 2001 to September 2002, a 81 tmt or 2 percent decrease from a year earlier resulting from Taiwan's adjustment post-WTO meat trade liberalization. COA data revealed a 3 percent fall in the standing hog population from 7.16 million head in November 2001 to 6.92 million by May 2002. The herd continued its decline to 6.79 million in November 2002. This cut in herd size was already taken into account in previous reporting on corn imports (see TW2018). Despite rising corn prices, imports are forecast at 4.8 million mt for 2002/03 because of steady demand for pork and strict limits on chicken meat imports in 2002-4. Market conditions and limited meat imports make it likely that feed price increases will get passed to consumers. Corn import demand will likely hold steady unless prices for feed barley or sorghum fall below corn by \$5 or more. If this occurs would there will likely be some feed barley and sorghum substitution for corn. The feed milling sector is competitive. With more than 60 feed mills in Taiwan, it is likely that feed prices will only gradually adjust to increased corn prices. As a result, Taiwan corn imports will continue to be primarily affected by changes in meat import policy or demand for local meat products. Taiwan's corn demand is 99 percent supplied by imports.

### PS&D for Corn: 2000-2003

PSD Table						
Country	Taiwan					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Harvested	14	14	12	10	12	9
Beginning Stocks	1475	1455	1458	1513	1361	1508
Production	59	59	53	45	50	41
TOTAL Mkt. Yr. Imports	4924	5198	4700	5000	4300	4800
Oct-Sep Imports	4924	5014	4700	4993	4300	4800
Oct-Sep Import U.S.	4894	5003	0	4978	0	4400
TOTAL SUPPLY	6458	6712	6211	6558	5711	6349
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	4800	4949	4650	4800	4450	4650
TOTAL Dom. Consumption	5000	5199	4850	5050	4650	4900
Ending Stocks	1458	1513	1361	1508	1061	1449
TOTAL DISTRIBUTION	6458	6712	6211	6558	5711	6349

### PS&D for Wheat: 2000-2003

PSD Table						
Country	Taiwan					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Harvested	0	0	0	0	0	0
Beginning Stocks	300	367	290	317	230	285
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	1050	1020	1000	1048	0	1020
Jul-Jun Imports	1050	1048	1000	1045	0	1020
Jul-Jun Import U.S.	942	1021	0	940	0	950
TOTAL SUPPLY	1350	1387	1290	1365	230	1305
TOTAL Mkt. Yr. Exports	17	0	10	0	0	0
Jul-Jun Exports	17	0	10	0	0	0
Feed Dom. Consumption	45	0	45	0	0	0
TOTAL Dom. Consumption	1043	1070	1050	1080	0	1085
Ending Stocks	290	317	230	285	0	220
TOTAL DISTRIBUTION	1350	1387	1290	1365	0	1305